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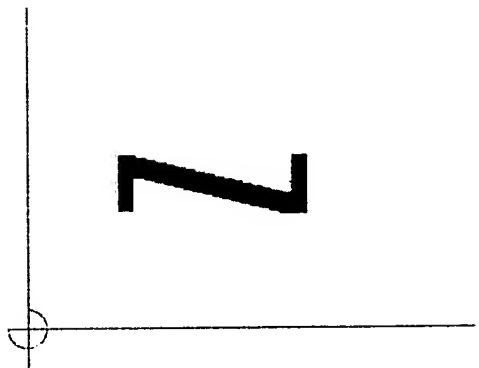
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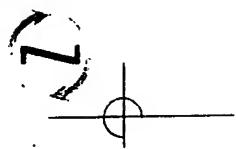
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Letter a



January 2003

no. 9
36337a

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The Ground Floor Z-Team

- Chuck Cortright – President & CEO
- Bill Frank, CTO
- Tom Ludwig, VP, Engineering
- Tom Hanan, VP & Chief System Architect
- Bill Babbitt, Chief Software Engineer

The Z-Team Staff

- Seasoned veterans of the storage & computer industries
- Members of the technical team invented the two most significant standards for storage in PCs: IDE and ATAPI.
- Members of the team have made many key contributions to new, emerging standards such as IEEE 1394, SBP-2 and Serial ATA and multiprocessor bus architecture.
- The strong architectural competency held within the team is now being applied to develop the μ SAN™ technology.

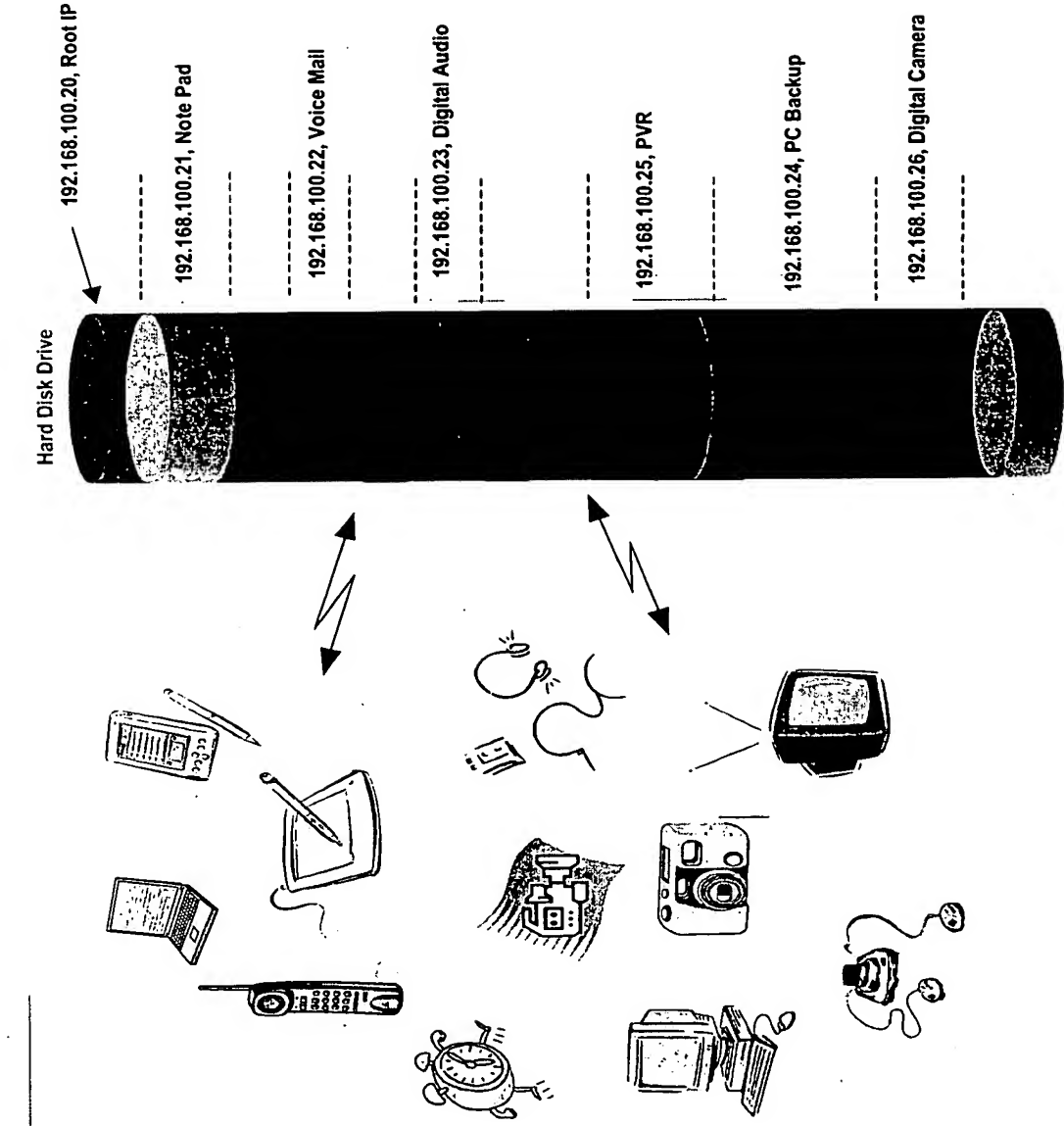
μSAN™ - The Next IDE

- Over 15 years ago the IDE interface was invented and adopted for the PC industry
- Still today's primary low-cost, high-volume storage interface
- Now, over 15 years later the same inventors have developed the μSAN™ technology/protocol to bring low-cost, high-volume storage to the network.

Abbreviation of either *Intelligent Drive Electronics* or *Integrated Drive Electronics*, depending on who you ask. An IDE interface is an interface for mass storage devices, in which the controller is integrated into the disk or CD-ROM drive.

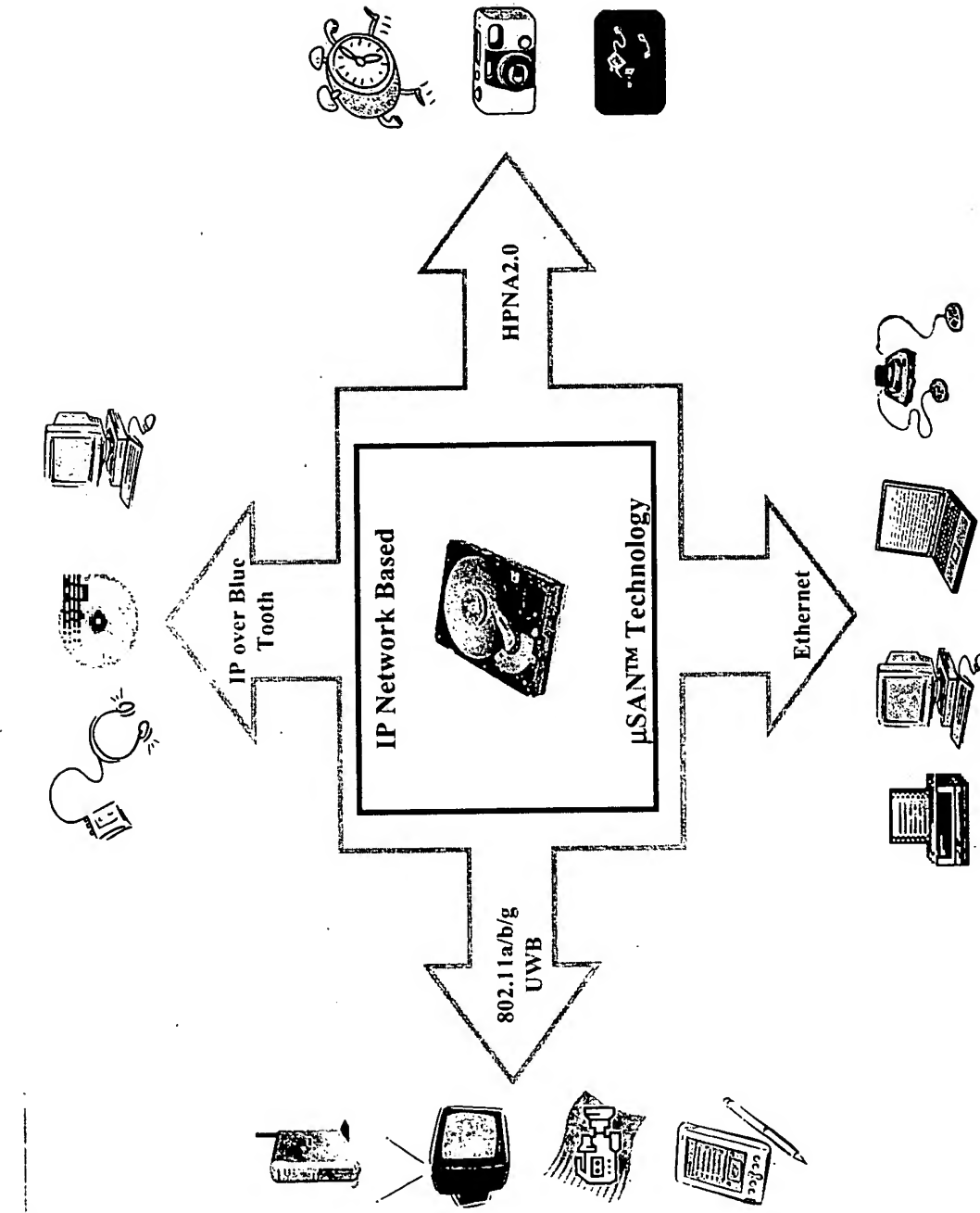
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μSAN™ Partition Allocation



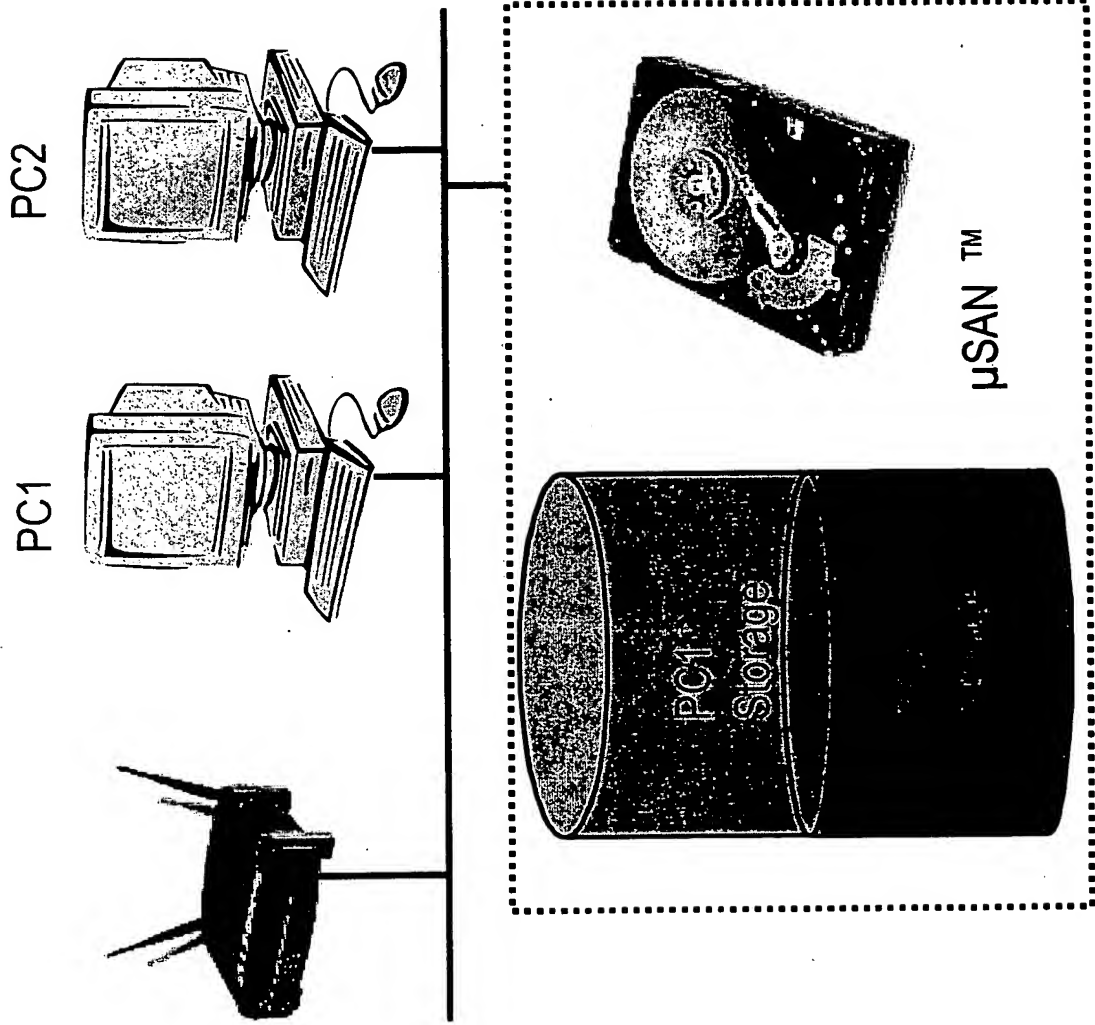
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μSAN™ Technology - Interoperability



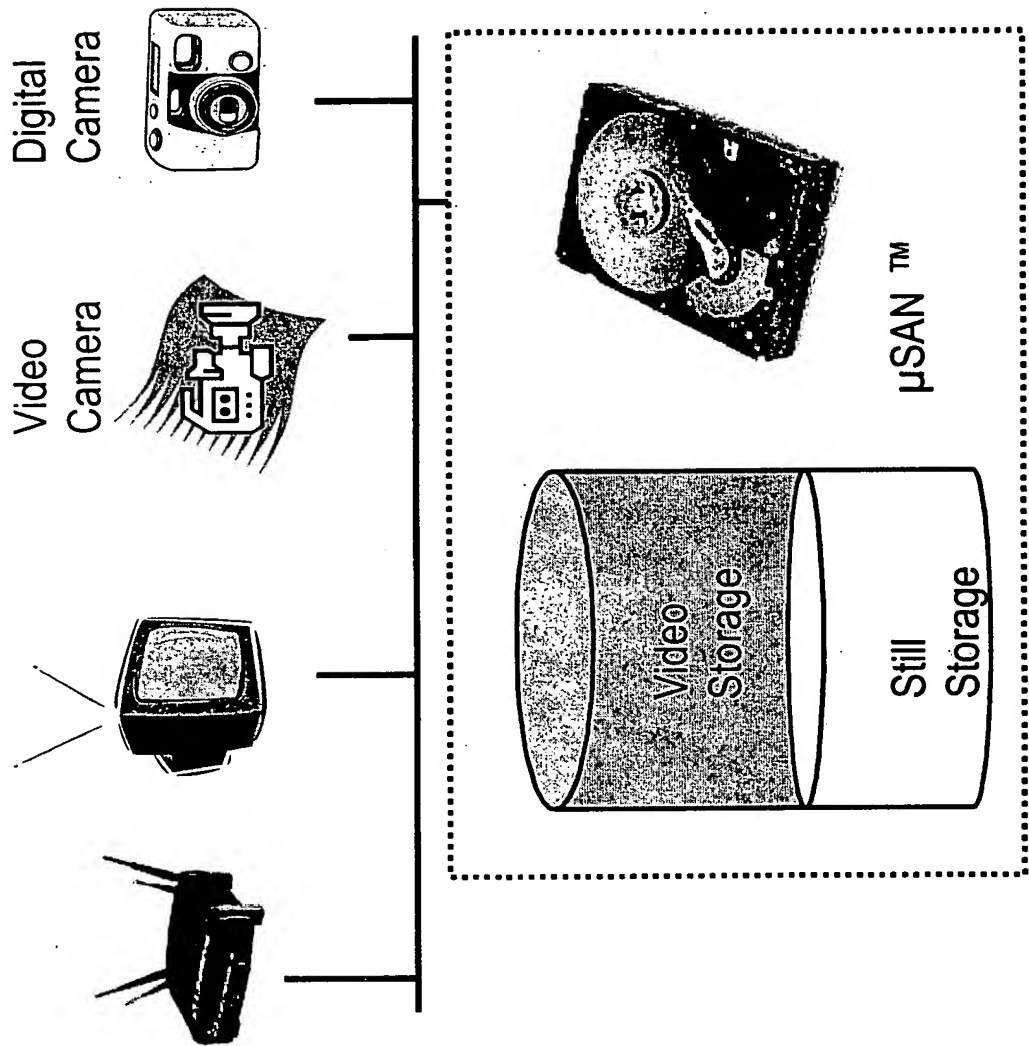
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PC Storage Solution



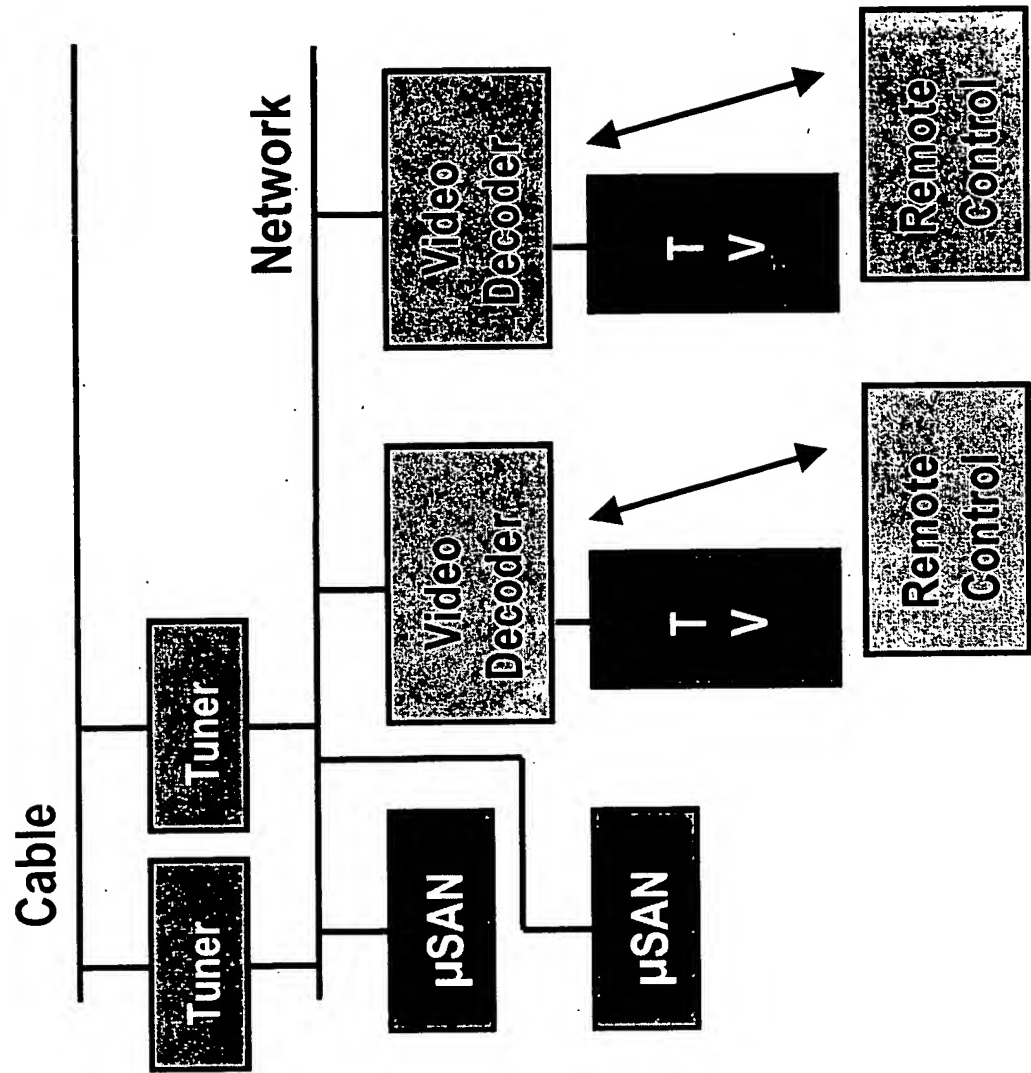
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Digital Camera Solution



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PVR/STB Solution



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μSAN™ Market Applications & Benefits

MicroSAN Embedded Device	Example	MicroSAN Advantage	MicroSAN Availability		
			2003	2004	2005
Personal Video Recorder (PVR)	Tivo	Share Movies on Multiple TVs			
Personal Audio Recorder	Philips - Streamium	Record IP Radio Stations			
Router	Linksys	Less Expensive NAS			
Digital Still Cameras	Kodak	Shave/Share Pictures			
Digital Video Cameras	Sony	Save/Share Movies			
802 PDA	HP/Toshiba	Less Costly Mass Storage			
802 Remote	Philips - iPronto	Less Costly Mass Storage			
Security	System Integrators	Save/Share Video Streams			
MicroSAN Stand Alone	OEMs	Save/Share Digital Data			
MicroSAN PC	Unix/MS	Scalable Add-on Storage			
802 Phone	VTech	Phone Messages			
802 MP3	Sony	Ultra Low Cost Playlist			
802 MP3 Speakers	Philips/Sony/Bose	Virtual Entertainment System			

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Competitive Technologies – IP

	μSAN	NAS	iSCSI
Connection	Internetwork Protocol	Internetwork Protocol	Internetwork Protocol
Data Access Method	Block Level	File Level	Block Level
File Format	None imposed. Client defines	Industry standards i.e. FAT16, FAT32, NTFS, HPFS, Unix, Solaris ...	None imposed. Client defines
O/S Support	Agnostic – all supported	Support defined by OS compatibility options	Agnostic – all supported
Master requirement	None required	NAS is a master	Master required on each subnet
Control Processor	32 bit Low-Cost Embedded RISC	Pentium Class or greater	Hi-performance RISC with H/W acceleration (TOEs)
DHCP Requirement	None for simple networks. DHCP on local net or internal for complex networks	Contains DHCP services	Relies on Master

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Competitive Technologies - IP (con't)

	μSAN	NAS	iSCSI
Multiple Volumes (Partitions)	Real Volumes – Created, used, shared and deleted by <u>client</u> with ownership rights	Supported as volumes or extensions defined by the OS	Virtualized Volumes – Supported through <u>master</u> with ownership rights
Volume Addressing	Volumes are addressed by a unique IP address	Virtual Volume support only – Directroy structured	Partitions are accessed by a master controller using a directory lookup service
Number of volumes	No fixed limit	No fixed limit	No fixed limit
Discovery	Supports peer discovery, UPnP and DNS depending upon environment	OS dependent – NetBIOS, DNS, Master Brower	iSNS – iSCSI master Name Server
Authentication	Supports light, efficient and secure rotating key authentication across both private IP networks and through the Internet	OS supports many forms of authentication including Kerberos, PKI, IPsec, etc. on both private IP networks and through the Internet	Relies on heavy IPsec security services from connected masters on private IP networks
Controller cost	\$10 - \$15	\$100+	\$500+

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Zetara Intellectual Property

- Provisional patent filed in November 2002
- Three International Utility Patents filings in December 2002:
 1. Amortization of appliance storage costs using IP associated block addressable partition
 2. Disaggregation of appliance resource elements using IP as the intervening BUS.
 3. μ SANTM protocol for amortizing and sharing storage between or among, IP enabled devices and resource elements.

Key Zetara Patent Filings:

- | | |
|---------------------------|--|
| • μ SAN TM | Storage Protocol |
| • μ SAN TM | Nat Bridge Protocol |
| • μ SAN TM | Multi-Cast Protocol (Resource RAID and Spanning) |
| • μ SAN TM | Packet Atomicity |
| • μ SAN TM | Semaphore & Locking |
| • μ SAN TM | Blind ACK |
| • μ SAN TM | Packet Authentication |
| • μ SAN TM | Peer-To-Peer Network Protocol |
| • μ SAN TM | Peer-To-Peer Resource Discovery |
| • μ SAN TM | Storage Partitioning |
| • μ SAN TM | Disaggregation of Appliances Elements |

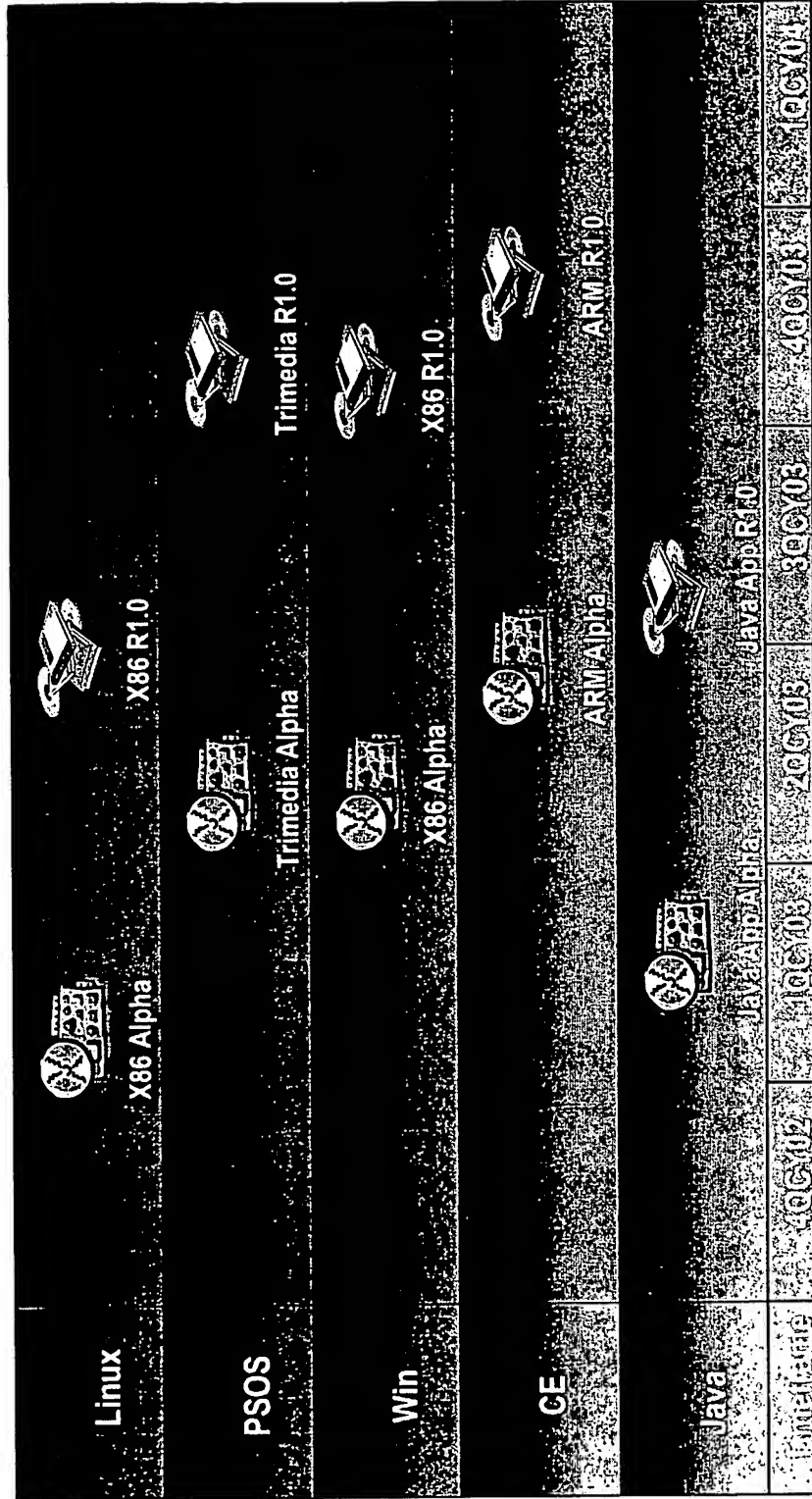
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Customer Needs – μ SAN™ Advantage

Consumer Electronics (i.e., Sony/Philips)	Computer/PC (i.e., HP/Dell/Gateway)	Computer Software (i.e., Microsoft)
<u>Needs:</u> <ul style="list-style-type: none"> • Lower Cost Storage • Shared Storage • Solution for DRM • PC Independence • Device Awareness • Long Lived Solution • Bandwidth Scalability 	<u>Needs:</u> <ul style="list-style-type: none"> • IP connected Home • Share Internal Storage • Scalable L/C Storage • Consolidated Paradigm • Become CE "player" • Extend PC Control 	<u>Needs:</u> <ul style="list-style-type: none"> • Dominance in CE • Dominance in Home • Dominance for WinCE • Extend PC Control
<u>Zetara Advantage:</u> <ul style="list-style-type: none"> • IP Connectivity • Disaggregated L/C Storage • DRM Friendly • No PC Required • Low-level UPnP • Lives as long as IP • Tracks IP B/W Growth 	<u>Zetara Advantage:</u> <ul style="list-style-type: none"> • IP Connectivity • Internal μSAN™ • Disaggregated L/C Storage • Connects any CE Device • Integrated CE Product Line • PC Can Be Master Control 	<u>Zetara Advantage:</u> <ul style="list-style-type: none"> • "MiniPort" Compatibility • Connects any CE Device • WinCE Supported • Internal μSAN™ • PC Can Be Master Control

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Zetara μ SAN™ SDK Road Map



CES CeBIT IFA

Integration strategy

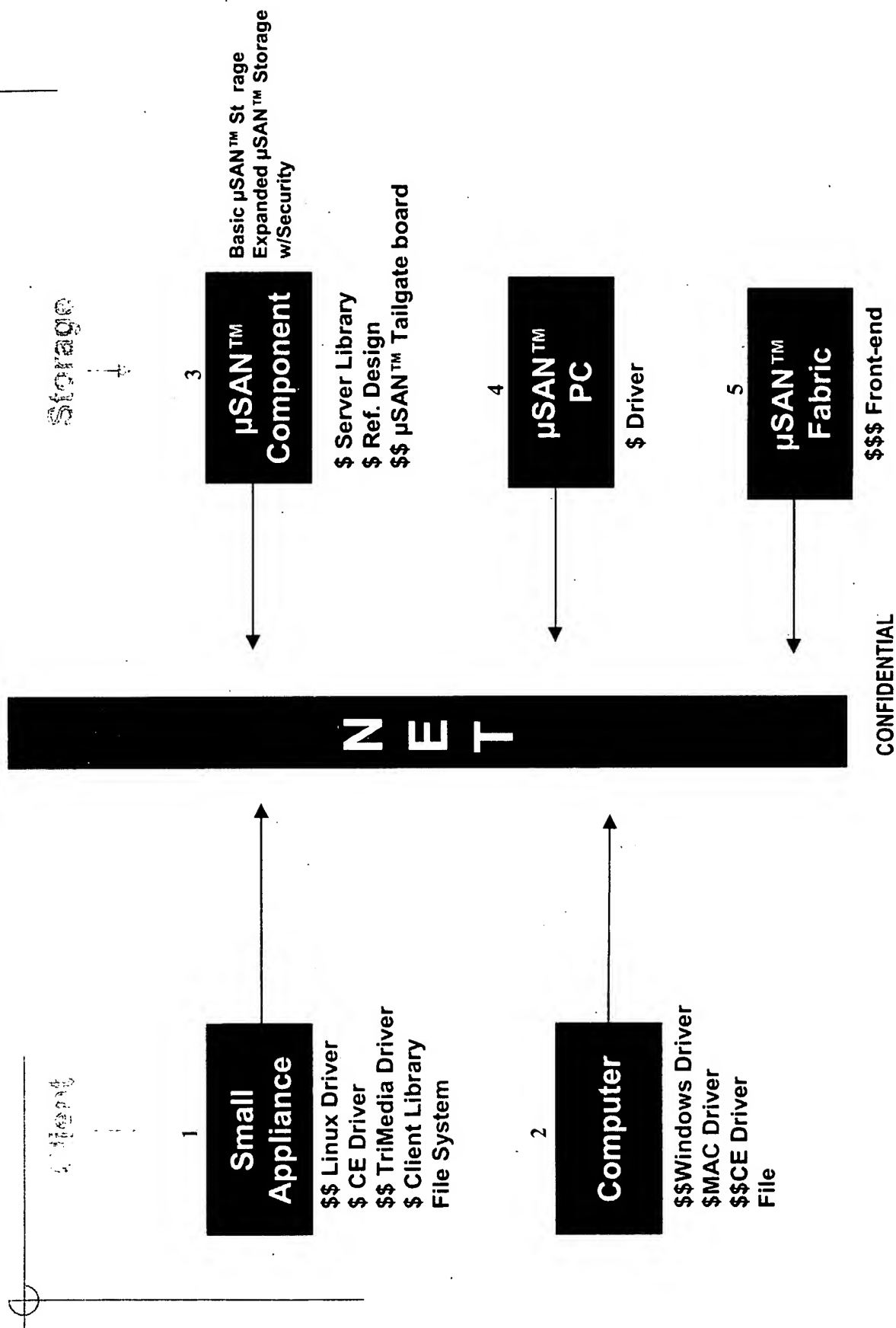
- μ SAN uses an extremely efficient, lightweight protocol that is very amenable to VLSI integration
- μ SAN functions are readily hosted on existing communications protocol controllers and by many general purpose controller devices
- Highly integrated designs would be best approached by modifying an existing protocol controller to host μ SAN
- Target device platforms would be based on ARM or other embedded RISC cores running μ SAN F/W
- Successor generations would include custom automation to enhance performance

Integration strategy

Ref Design	Platform	O/S-Apps	S	C
SDK-1	X86	Win 2000, XP, NT-4	X	X
SDK-2	ARM (XScale)	WinCE	X	X
SDK-3	ARM ((XScale)	Linux	X	X
SDK-4	X86	Linux	X	X
SDK-5	Trimedia	PSOS	X	X
SDK-6	Any/All	Java		X

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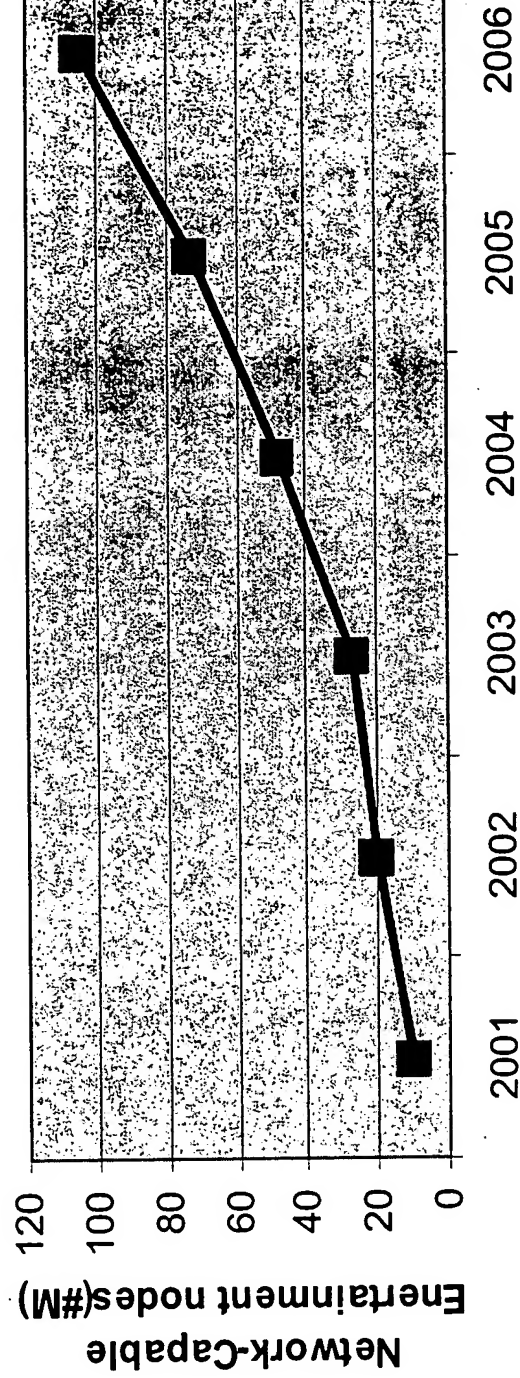
Zetara Licensing Opportunities



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IP-Aware Devices are set for Rapid Growth

Products Connected in Entertainment-Centric Home Networks

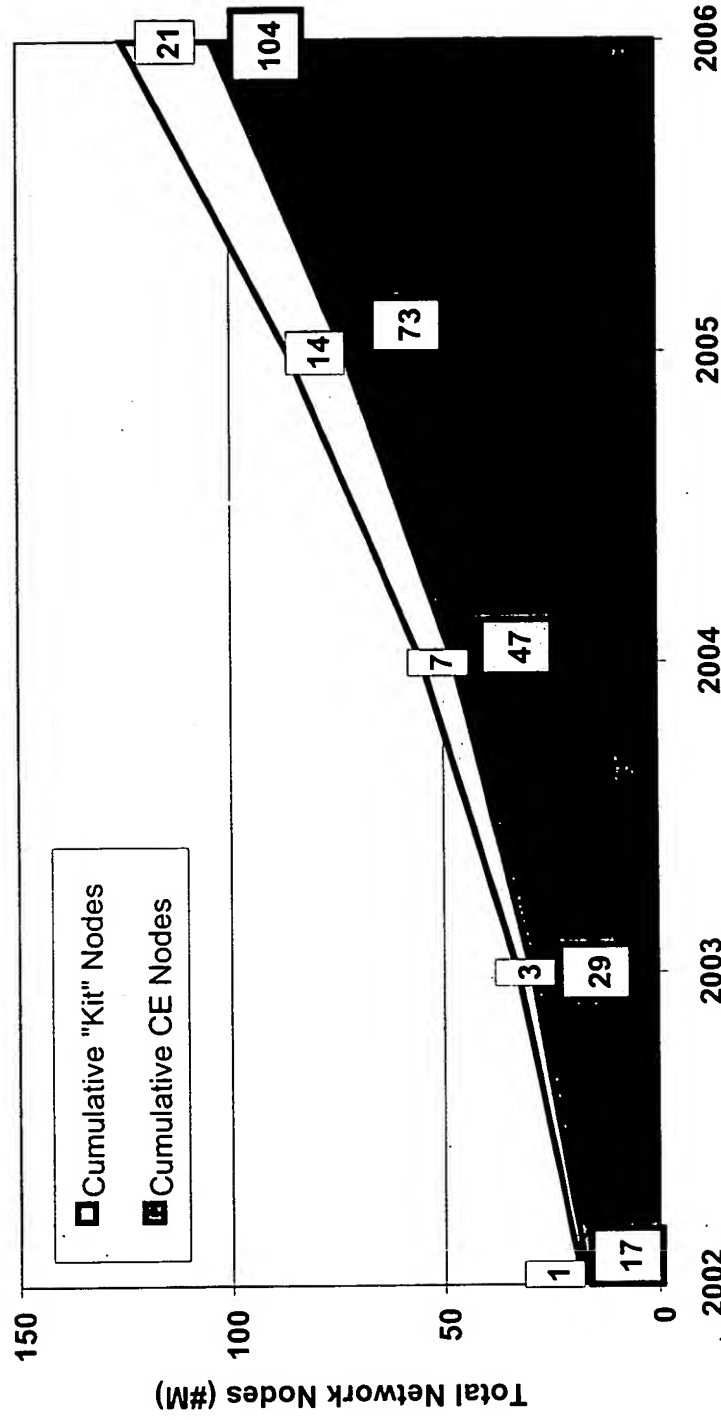


Source: Jupiter Research - Home Networking Report

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Forecast for Network-Capable Entertainment Nodes

"Kit" and CE Entertainment Nodes (U.S. Households)

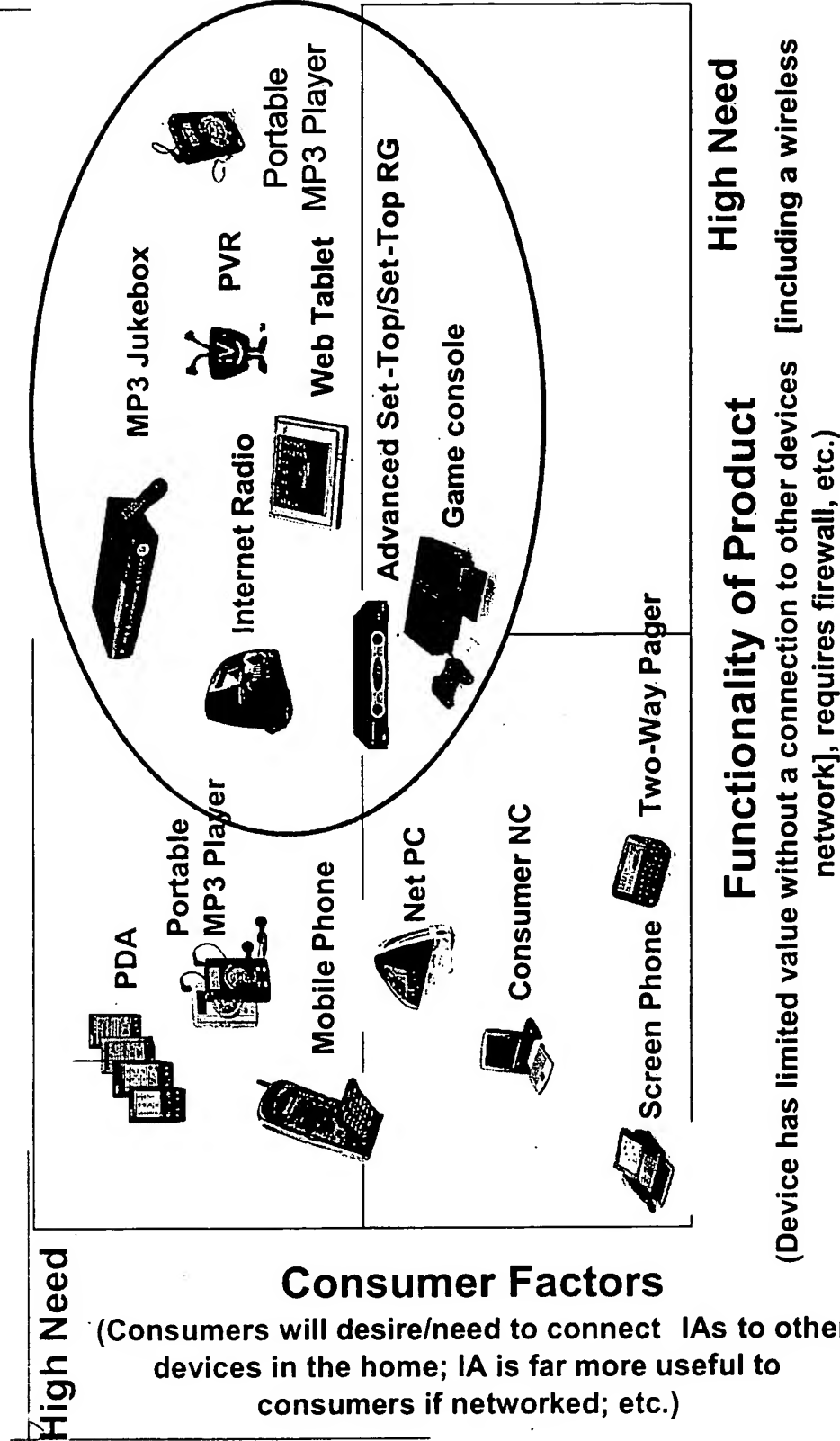


Source: *Networks in the Home: Analysis and Forecasts (Third Edition)*
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The Value Proposition for Consumer Electronics

Discerning a Two-Pronged Need for Home Networking



Source: *Networks in the Home: Analysis and Forecasts (Third Edition)*
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CES Rollout a Success

- Technology Validation with New Business Opportunities -

	Thursday 9-Jan	Friday 10-Jan	Saturday 11-Jan
	<u>Company</u>	<u>Company</u>	<u>Company</u>
8:00 AM	Motorola	Broadcom	
8:30 AM	John Barr	Michael Hurston	
9:00 AM	Sony Electronics	Intel	NetGear
9:30 AM	Sony Wireless	Raghu Murti	Mark Merrill
10:00 AM		& Digital Home Group	KGDA
10:30 AM			Tomlooney
11:00 AM			
11:30 AM			
12:00 PM	Thomson/RCA	Sanisette	
12:30 PM	Sebastian Marlene	Paul's In	
1:00 PM		Mr. Rice	
1:30 PM		Grace Chang	
2:00 PM	Baker Capital	Microsoft	
2:30 PM		Michael Holm	
3:00 PM	Henry Baker	& representatives from	VJTech
3:30 PM	&	Broadband Div., eHome, Xbox,	Allan Wong Chairman
4:00 PM	other partners	Windows, Windows CE,	& SE Eng Staff
4:30 PM		and Windows Media	
5:00 PM			
5:30 PM			
6:00 PM			
6:30 PM			
7:00 PM			Dell

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Financial Summary

Zetara Financial Forecast				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenue	\$ -	\$ 13,933,146	\$ 45,899,550	\$ 57,855,000
Gross Profit	\$ -	\$ 11,392,343	\$ 45,899,550	\$ 57,855,000
SG&A	\$ 1,086,885	\$ 1,427,980	\$ 1,592,220	\$ 1,570,460
R&D	\$ 1,235,390	\$ 2,242,808	\$ 2,879,068	\$ 3,386,268
EBITDA	\$ (2,322,275)	\$ 7,721,555	\$ 41,428,262	\$ 52,898,272

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